

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF OHIO
WESTERN DIVISION

OLLEN COLBERT

Plaintiff,

v.

THE CINCINNATI GAS AND

ELECTRIC CO., et al.

Defendant.

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Case NO. 1:00-cv-00909

Plaintiff's Expert Report

IN THE CASE OF

Ollen G. Colbert

PRELIMINARY
VALUATION OF ECONOMIC DAMAGES

PREPARED BY:

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Economist

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Mr. Ollen G. Colbert was born On July 9, 1965. According to the U.S. National Center for Health Statistics, a black male of his age has a normal life expectancy to the age of 71.7. (U.S. Nation Vital Statistics, National Vital Statistics reports, United States, 2002.) A black male of his age has normal work-life expectancy to the age of 61. (Worklife Estimates, U.S. Department of Labor, Bureau of Labor Statistics, Bulletin 2254, February 1986.)

Mr. Colbert was employed by The Cincinnati Gas & Electric Company as a Construction Helper. He was hired by the company on April 2, 1990. However, he was separated from the payroll (terminated) on March 2, 2000. His separation from The Cincinnati Gas & Power Company has resulted in significant loss of wages and fringe benefits. Even though Mr. Colbert sought and found alternative employment, he is likely to have losses throughout his projected worklife. He had planned to work for The Cincinnati Gas & Power Company until his age of retirement.

The economic damages include the reduced capacity to earn money. In this report, the economic damages are separated into losses to present and future losses. The future losses are projected to age 61. The losses to present are calculated from March 8, 2000, through December 31, 2004. The future losses are projected through 2026.

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Loss to Present

The lost earnings to present are based upon Mr. Colbert's W-2 forms, income tax statements, and upon his payroll summary. The lost earnings to present are as follows:

<u>Year</u>	<u>Lost Earnings</u>	<u>Lost Fringe Benefits</u>	<u>Net Loss</u>	<u>Present Value</u>
4/3/-12/31/2000	\$27,453	\$6,177	\$33,630	\$33,630
2001	37,872	8,521	46,393	46,393
2002	30,174	7,526	37,700	37,700
2003	33,373	8,399	41,772	41,772
2004*	<u>18,537</u>	<u>4,170</u>	<u>22,707</u>	<u>22,707</u>
Total	\$147,409	\$34,793	\$182,202	\$182,202

*This is an estimate of the 2004 annual wage assuming that he will be working on full time.

Mr. Colbert's annual wages, in 1999, at CG & E were \$36,840.17. This report presumes that his total annual average wage, while at CGE & E, for 2000 is estimated at \$36,840. From January 1, 2000 to March 2, 2000, Mr. Colbert's total wage from CG & E was \$7,978.74. It is presumed that his annual wages while at CG & E would have continued to increase at an average annual rate of 2.8 percent in 2001, 1.6 percent in 2002, and 2.3 percent in 2003 and 2004.

In addition to his wages, Mr. Colbert was entitled to fringe benefits from CG & E in the form of health insurance, retirement contributions, and government mandated contributions. The fringe benefits from CG & E are valued at 22.5 percent of the annual wages. In 2004, Mr. Colbert found a job as Parking Attendant for the City of Cincinnati.

at an annual wage of \$21,731. It is presumed that the fringe benefits package from the City of Cincinnati is valued at 22.5 percent.

The total net earnings losses to present are valued at \$182,202.

Mr. Colbert was not successful in locating full time employment from April 2000 through 2003. However, Mr. Colbert managed to locate a full time job as Parking attendant for the City of Cincinnati. This report assumes that Mr. Colbert will be able to work through his work life expectancy. His alternative earnings potential is projected in order to determine the net effect of Mr. Colbert's lost earnings.

Future Losses

The major impact on Mr. Colbert's capacity to earn money is expected to occur in the future because of reduced wages. According to the U.S. Department of Labor Statistics, a black male of Mr. Colbert's age has a work life expectancy to age 61. This report projects Mr. Colbert's future economic losses to age 61. See Tables 1 and Table 2 for annualized details.

If Mr. Colbert had been able to stay with CG & E, it is projected that his annual wage income in 2004 would have been valued at \$40,268. A 22.5 percent fringe benefit package is valued at \$9,060. The total, real, annual earnings would have been \$49,328.

The future projections of his lost earnings, and the possible alternative earnings, are expressed in real 2004 dollars. Therefore, the buying power of the future projections

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will be in constant, 2004 dollars. The future flows are also discounted to express their real values.

Since the projections are adjusted for any future inflation, a real discount rate is utilized. A real discount rate reflects the difference between the expected rate of inflation and the nominal rate of interest of an appropriate mixture of government financial instruments that provide liquidity and security. A real discount rate of 2 percent is utilized in this report.

Table 1 provides the annual details of potential earnings (wages and fringe benefits) if the termination had not occurred from employment as a building service worker by CG & E. Table 2 provides the annual details of potential earnings to age 61 under Mr. Colbert's current terms of employment (40 hours per week at an average hourly rate of \$10.50 and 22.5 percent fringe benefits package). The future, real potential earnings without termination from CG & E is projected to be \$1,085,217 with a present value of \$853,958. Table 2 demonstrates Mr. Colbert's alternative, real earnings following the termination from CG & E, to age 61, under his current terms of employment. The potential future, real earnings with termination is projected to be \$585,659 with a present value of \$460,855.

Mr. Colbert's future, real losses to age 61 are valued at \$499,558 with a present value of \$393,103 (\$320,069 minus \$228,954).

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Conclusions

Mr. Colbert's separation from payroll by CG & E has already forced him to lose \$182,203. Since it is likely that his future, real wages will be negatively impacted, the future losses will be significant. Assuming that he will be able to work full time at 40 hours per week in an alternative area, the present values of his future, losses is estimated at 393,103.

The present value of Mr. Colbert's losses is \$ 575,306. See Table 1 and Table 2 for annual details.

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Submitted to:

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